



## Upcoming Events

### Continuing Education Webinars

#### Financial Planners

#### Working with Development Officers and Planned Giving Specialists For Fun And Profit

34 Jerome Ave  
Suite 310  
Bloomfield, CT 06002

May 26, 2011  
8:15 AM - 10:00 AM

#### Certified Public Accountants

#### Top 15 Income Tax Planning Ideas for 2011

34 Jerome Ave  
Suite 310  
Bloomfield, CT 06002

June 9, 2011  
8:15 AM -10:00 AM

**Weatherby &  
Associates, PC is on  
Facebook!**

## THOUGHT YOU'D LIKE TO SEE THIS:

### TAX TIME: THINGS TO CONSIDER

Many do most of their thinking about taxes during this time of year—when they just finished filing their returns (or just filed an extension).

Financial professionals typically respond to more tax questions during the first quarter of the year than at any other time. We respond to questions about these topics, among others:

- Traditional IRAs
- Roth IRAs
- Pension plans
- Social security benefits
- Life insurance and annuities
- Education savings accounts

Here's a small sampling of the frequently asked questions, along with short answers to them.

**Question:** Is it too late for someone to take a required minimum distribution (RMD) for 2010 from her traditional IRA?

**Answer:** If a taxpayer turned 70 ½ in calendar year 2010, she had until April 1, 2011 to take her RMD from

Weatherby & Associates, PC is now on Facebook.

On our facebook page, you'll see information about our practice and news about upcoming events and issues.

Please sign up as a fan of our page. To visit our facebook page, [click here](#).

**Our Firm focuses our practice on:**  
**Estate Planning**  
**Business Planning**  
**Trust Administration**  
**Probate**  
**Elder Law**

**We help families preserve and protect assets and values; we help business owners maximize their businesses' value.**

**Weatherby & Associates, PC.**

**is a member of the**

**Connecticut Care Planning Council**



[Click here to stay](#)

her traditional IRA—so it is too late.

If the client turned 70 ½ in a year prior to 2010, she was required to take the distribution for 2010 by the end of 2010. If the client fails to take the RMD by the deadline, the IRS imposes a special penalty tax of 50% on the amount that should have been distributed.

**Question:** Can a self-employed person contribute to both a Simplified Employee Pension (SEP) IRA and a regular traditional IRA in the same year?

**Answer:** Yes, subject to normal limits.

An employer's SEP contribution into the participant's IRA is treated like a pension plan contribution from the employer—even where the participant is the owner of the company.

Regular IRA contributions can be made by the participant to his or her traditional IRA, up to the maximum annual limit. For 2011, the maximum IRA contribution is \$5,000 if under age 50 and \$6,000 if 50 or over. However, the amount of the regular IRA contribution that can be *deducted* on the employee's income tax return may be reduced or eliminated due to the fact that the employee is an active participant in a pension plan.

**Question:** I understand that company-owned life insurance must now have proper notice and consent forms signed prior to issue, and that the employer may be responsible for filing a tax form with the IRS. Can you explain the rules?

**Answer:** Normally a life insurance death benefit is income tax free. In order to maintain the tax free nature of the death benefit from a business owned policy, the Section 101(j) rules must be followed. Among other requirements, compliance with Section 101(j) requires a notice and consent form to be signed prior to the policy's start.

The IRS also requires an employer to report the number of its policies subject to Section 101(j) on IRS Tax Form 8925 every year.

informed!

## CONTACT US!

34 Jerome Ave  
Suite 310  
Bloomfield, CT 06002  
(860) 769-6938

[www.Weatherby-Associates.com](http://www.Weatherby-Associates.com)



Weatherby & Associates, PC  
Counselors at Law  
Helping Families Preserve and Protect Assets and Values

**AS ALWAYS, PLEASE FEEL FREE TO CALL TO DISCUSS THESE OR OTHER FINANCIAL SECURITY ISSUES OF CONCERN.**